



**STATE
SENATOR**
Wayne Kuipers
30TH SENATE DISTRICT E-MAIL UPDATE



Judge Finds Credit Scoring Rules Illegal

Recently, Judge Fisher of Barry County Circuit Court issued an opinion that rules banning the use of insurance credit scoring promulgated by the Office of Financial and Insurance Services (OFIS) were illegal, invalid, and unenforceable. Judge Fisher stated that one of the basic principles of insurance is that higher risk policyholders should pay higher rates. He also stated that the OFIS rules “. . . stand this rule on its head because it requires lower-risk policyholders to pay more so that higher-risk policyholders can pay less. In the case of some insurance companies, two-thirds of policyholders would pay higher premiums so that the highest risk one-third could pay less.” The Judge stated that this result is unreasonable.

The opinion was the result of a lawsuit filed by the Insurance Institute of Michigan (IIM) claiming that OFIS Commissioner Watters exceeded her authority when she banned the use of insurance credit scoring by administrative rule. After the opinion was issued, Commissioner Watters issued a statement that she would appeal the decision to the Michigan Court of Appeals. There is little doubt that this issue will ultimately be decided by the Michigan Supreme Court.

Joint Committee Hears Governor’s Merit Award Proposal

This week the Senate Appropriations Higher Education Subcommittee and the Senate Education Committee heard details about the Governor’s proposal on altering the Michigan Merit Award. The proposal would remove the concept of merit from the program by shifting the award delivery to students who have completed two years of college or a technical trade. The Governor claims her proposal will allow more people to finish college.

I would like to hear your comments regarding her proposal. Please feel free to contact me at 1-877-KUIPERS or via e-mail at senwkuipers@senate.michigan.gov.

Kuipers’ Bill Eases Capital Creation

Senate Bill 298, sponsored by Senator Kuipers, would encourage future job growth in Michigan. Specifically, it would exempt high-technology businesses from fees charged under the Michigan Business Corporation Act when the business incorporates and authorizes the sale of stock, or when the business increases the number of shares issued. The bill passed the Senate Economic Development, Small Business and Regulatory Reform Committee last week and now goes before the full Senate for consideration.